



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • www.utc.wa.gov

June 25, 2014

Steven V. King, Executive Director and Secretary
Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: *Washington Utilities and Transportation Commission v. Locus Telecommunications, Inc.*

Commission Staff's Response to Application for Mitigation of Penalties UT-140898

Dear Mr. King:

On May 30, 2014, the Utilities and Transportation Commission issued a \$1,000 Penalty Assessment in Docket UT-140898 against Locus Telecommunications, Inc. for 10 violations of Washington Administrative Code (WAC) 480-120-382, which requires telecommunications companies to furnish annual reports to the commission no later than May 1 each year.¹

On June 11, 2014, Locus Telecommunications, Inc. wrote the commission requesting mitigation of penalties (Mitigation Request).² In its Mitigation Request, Locus Telecommunications, Inc. does not dispute that the violation occurred. The company states, "The rejected filing was submitted within the allotted timeframe, as evidence by the attached showing confirmation of receipt by your staff at 9:20am on 05/01/14. The filing was rejected because we mistakenly failed to provide unredacted versions of our financials."

It is the company's responsibility to ensure that the regulatory fee is paid and the annual report is filed by the May 1 deadline. On February 28, 2014, Annual Report packets were mailed to all regulated telecommunication companies. The instructions for annual report completion page of the annual report informed the regulated company that it must complete the annual report form, pay the regulatory fees, and return the materials by May 1, 2014, to avoid enforcement action. Additionally, the instructions for annual report completion referred the company to WAC 480-07-160 for specific steps for filing the financial information with a confidential status.

¹See attachment A for a copy of the penalty assessment sent on May 30, 2014

²See attachment B for a copy of Locus Telecommunications' mitigation request received on June 11, 2014

UTC Annual Reports
June 24, 2014
Page 2

On June 3, 2014 Locus Telecommunications, Inc. filed its completed annual report with no regulatory fees due. The company has been active since February 9, 2010. Locus Telecommunications, Inc. had a previously delinquent filing for the 2012 annual report year and received an automatically mitigated penalty of \$25 per day. Due to prior violations of WAC 480-120-382, staff does not support the company's response for mitigation.

If you have any questions regarding this recommendation, please contact Amy Andrews, Regulatory Analyst, at (360) 664-1157, or aandrews@utc.wa.gov.

Sincerely,

Sondra Walsh, Director
Administrative Services

¹See attachment A for a copy of the penalty assessment sent on May 30, 2014

²See attachment B for a copy of Locus Telecommunications' mitigation request received on June 11, 2014

ATTACHMENT A

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

NOTICE OF PENALTIES INCURRED AND DUE FOR VIOLATIONS OF LAWS AND RULES

PENALTY ASSESSMENT: UT-140898

PENALTY AMOUNT: \$1,000

Locus Telecommunications, Inc.
2200 Fletcher Avenue, Floor 6
Ft. Lee, NJ 07024

According to Washington Utilities and Transportation Commission (Commission) records, you have violated Washington Administrative Code (WAC) 480-120-382, which requires telecommunications companies to file their annual reports and pay regulatory fees each year by May 1. You did not file an annual report or pay regulatory fees by May 1, 2014.

Revised Code of Washington (RCW) 80.04.080 authorizes the Commission to assess penalties of \$100 for violations of Commission rules. Each violation is a separate and distinct offense and, in the case of a continuing violation, every day's continuance is a separate and distinct violation. The Commission interprets noncompliance with WAC 480-120-382 beyond May 1 as a continuing violation, and assesses penalties of \$100 for each day a company fails to file its report or pay its regulatory fees after that date.

As a result, the Commission has assessed penalties against you in the amount of \$1,000 on the following basis:

On February 28, 2014, the Commission mailed the 2013 annual report forms and the 2014 regulatory fee packets to all telecommunications companies registered in Washington. The instructions page for the annual report form instructed these companies to file annual reports and pay regulatory fees by May 1, 2014. The instructions page also stated that failure to file the annual report by May 1 would result in penalties. The deadline for requesting an extension to file your annual report was April 17. You did not request an extension.

As of May 15, 2014, Locus Telecommunications, Inc. has not filed its complete 2013 annual report. May 15 is 10 business days from May 1, resulting in a total penalty of \$1,000.

Your penalty is due and payable now. If you believe the violation did not occur, you may request a hearing to contest the penalty assessment. The Commission will grant that request only if material issues of law or fact require consideration of evidence and resolution in a hearing. A request for a hearing must include a written statement of the reasons supporting that request.

¹See attachment A for a copy of the penalty assessment sent on May 30, 2014

²See attachment B for a copy of Locus Telecommunications' mitigation request received on June 11, 2014

Failure to provide such a statement will result in denial of the request. If there is a reason for the violation that you think should excuse or reduce the penalty, you may ask for mitigation (reduction) of this penalty through evidence presented at a hearing or in writing. A request for mitigation must include a written statement of the reasons supporting that request. Failure to provide such a statement will result in denial of the request. See RCW80.04.405.

If you properly present your request for a hearing and the Commission grants that request, the Commission will review the evidence supporting your dispute of the violation or application for mitigation in a Brief Adjudicative Proceeding, before an administrative law judge. The administrative law judge will consider the evidence and will notify you of his or her decision.

You must act within 15 days after receiving this notice to do one of the following:

- Pay the amount due.
- Request a hearing to contest the occurrence of the violations.
- Request mitigation to contest the amount of the penalty.

Please indicate your selection on the enclosed form and send it to the Washington Utilities and Transportation Commission, Post Office Box 47250, Olympia, Washington 98504-7250, **within FIFTEEN (15) days** after you receive this notice.

If you do not act within 15 days, the Commission may refer this matter to the Office of the Attorney General for collection, which may file suit in state court to collect the penalty. The Commission may also initiate proceedings under WAC 480-121-060 to revoke your authority to provide telecommunications services in Washington.

DATED at Olympia, Washington, and effective May 30, 2014.

GREGORY J. KOPTA
Administrative Law Judge

¹See attachment A for a copy of the penalty assessment sent on May 30, 2014

²See attachment B for a copy of Locus Telecommunications' mitigation request received on June 11, 2014

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PENALTY ASSESSMENT UT-140898

PLEASE NOTE: You must complete and sign this document, and send it to the Commission within 15 days after you receive the penalty assessment. Use additional paper if needed.

I have read and understand RCW 9A.72.020 (printed below), which states that making false statements under oath is a class B felony. I am over the age of 18, am competent to testify to the matters set forth below and I have personal knowledge of those matters. I hereby make, under oath, the following statements.

1. **Payment of penalty.** I admit that the violations occurred. I have:

Enclosed \$ _____ in payment of the penalty

Submitted my payment of \$ _____ online at www.utc.wa.gov. My confirmation number is _____.

2. **Request for a hearing.** I believe that one or more of the alleged violations did not occur, for the reasons I describe below, and I request a hearing based on those reasons for a decision by an administrative law judge:

3. **Application for mitigation.** I admit the violations, but I believe that the penalty should be reduced for the reasons set out below:

a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision

OR b) I ask for a Commission decision based solely on the information I provide above.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing, including information I have presented on any attachments, is true and correct.

Dated: _____ [month/day/year], at _____ [city, state]

Name of Respondent (company) – please print

Signature of Applicant

RCW 9A.72.020:

“Perjury in the first degree. (1) A person is guilty of perjury in the first degree if in any official proceeding he makes a materially false statement which he knows to be false under an oath required or authorized by law. (2) Knowledge of the materiality of the statement is not an element of this crime, and the actor’s mistaken belief that his statement was not material is not a defense to a prosecution under this section. (3) Perjury in the first degree is a class B felony.”

¹See attachment A for a copy of the penalty assessment sent on May 30, 2014

²See attachment B for a copy of Locus Telecommunications’ mitigation request received on June 11, 2014

ATTACHMENT B



June 10, 2014

Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250
Re: Locus Telecommunications, Inc. (UBI No. 602-083-951)
Application for Mitigation / Penalty Assessment: UT-140898

2014 JUN 11 AM 9:29

To Whom It May Concern,

We would like to respectfully request a mitigation of the application of the above referenced penalty for following reasons:

1. The rejected filing was submitted within the allotted timeframe, as evidenced by the attached showing confirmation of receipt by your staff at 9:20am on 05/01/14 (see attached).
2. The filing was rejected because we mistakenly failed to provide unredacted versions of our "financials." This was a good faith mistake that we remedied the same day that we reviewed your mail notification by e-mailing the inadvertently omitted documents to Amy Andrews of your staff (see attached email confirmation from Mrs. Andrews).
3. We have duly noted our omission and will not make the same mistake in future filings.

Thank you in advance for your time and consideration.

Regards,


Ricardo Barreras | Sr. Manager - Compliance & Regulatory | Risk Management
Office: 201-585-3681 | Fax: 201-947-6100
Email: ricardo@locus.net

Encl.

LOCUS TELECOMMUNICATIONS, INC.
Headquarters
2200 Fletcher Avenue 6th Floor Fort Lee, NJ 07024
Main: 201-585-3600
Fax: 201-947-6108

www.locustelecom.com
Los Angeles Offices
11761 Telegraph Road Santa Fe Springs, CA 90670
Main: 562-942-2420
Fax: 562-949-8248

¹See attachment A for a copy of the penalty assessment sent on May 30, 2014

²See attachment B for a copy of Locus Telecommunications' mitigation request received on June 11, 2014

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PENALTY ASSESSMENT UT-140898

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[] 1. Payment of penalty. I admit that the violations occurred. I have:

[] Enclosed \$ _____ in payment of the penalty

[] Submitted my payment of \$ _____ online at www.utc.wa.gov. My confirmation number is _____.

[] 2. Request for a hearing. I believe that one or more of the alleged violations did not occur, for the reasons I describe below, and I request a hearing based on those reasons for a decision by an administrative law judge:

[] 3. Application for mitigation. I admit the violations, but I believe that the penalty should be reduced for the reasons set out below:

(B) → *PLEASE SEE ATTACHED *(B)*

[] a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision

OR b) I ask for a Commission decision based solely on the information I provide above.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing, including information I have presented on any attachments, is true and correct.

Dated: 6/5/14 [month/day/year], at FORT LEE, NJ 07024 [city, state]

LOCUS TELECOMMUNICATIONS, INC.
Name of Respondent (company) - please print

Ricardo Barrera
Signature of Applicant
RICARDO BARRERA

RCW 9A.72.020:

"Perjury in the first degree. (1) A person is guilty of perjury in the first degree if in any official proceeding he makes a materially false statement which he knows to be false under an oath required or authorized by law. (2) Knowledge of the materiality of the statement is not an element of this crime, and the actor's mistaken belief that his statement was not material is not a defense to a prosecution under this section. (3) Perjury in the first degree is a class B felony."

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²See attachment B for a copy of Locus Telecommunications' mitigation request received on June 11, 2014

2014 JUN 11 AM 9:30
COMMUNICATIONS
PENALTY ASSESSMENT